Michigan Deptartment of Treasury 496 (2-04)

			ocedures Repo	ort					
Local Gove	rnment Type		p	Local Governme MARION T			County	INAW	
Audit Date 3/31/05			Opinion Date 8/29/05		Date Accountant Report Submit 11/30/05	tted to State:			
accordan	ce with the Statemen	ne S	inancial statements of this Statements of the Govern or Counties and Local Units	mental Accou	nting Standards Board (GASB) and the	ne Uniform	Reporting	prepared in Format for
		lied	with the Bulletin for the Au	ıdits of Local U	Inits of Government in Mic	chigan as revis	ed.		
			iblic accountants registered						
			llowing. "Yes" responses h	nave been discl	losed in the financial state	ements, includi	ng the notes	s, or in the	report of
You must	check the	арр	olicable box for each item b	oelow.					
Yes	✓ No	1.	Certain component units	/funds/agencie	s of the local unit are excl	uded from the	financial sta	atements.	
Yes	✓ No	2.	There are accumulated 275 of 1980).	deficits in one	or more of this unit's un	reserved fund	balances/re	tained ear	mings (P.A.
Yes	√ No	3.	There are instances of amended).	non-complianc	e with the Uniform Acco	ounting and Bo	udgeting Ac	t (P.A. 2	of 1968, as
Yes	Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or it requirements, or an order issued under the Emergency Municipal Loan Act.					e Act or its			
Yes	√ No	5.	The local unit holds dep as amended [MCL 129.9		nts which do not comply of 1982, as amended [MC		requiremer	nts. (P.A.	20 of 1943,
√ Yes	☐ No	6.	The local unit has been o	delinquent in di	stributing tax revenues tha	at were collect	ed for anoth	er taxing	unit.
Yes	√ No	7.	pension benefits (norma	I costs) in the	tutional requirement (Articurrent year. If the plan is equirement, no contribution	is more than 1	100% funded	and the	
Yes	✓ No	8.	The local unit uses cred (MCL 129.241).	dit cards and I	has not adopted an appl	licable policy	as required	by P.A. 2	:66 of 1995
Yes	✓ No	9.	The local unit has not ad	opted an inves	tment policy as required b	by P.A. 196 of	1997 (MCL ⁻	129.95).	
We have	enclosed	i the	e following:			Enclosed	To Be		Not Required
The lette	r of comm	ents	s and recommendations.			✓	3		
Reports	on individu	ual fe	ederal financial assistance	programs (pro	gram audits).				✓
Single Au	udit Repor	ts (A	ASLGU).						✓
BERTH			Firm Name)						
Street Adda	ress RROW L	AN.	E		City SAGINAW		State MI	ZIP 48638	
Accountant	Signature	ne	reha-Rentu	auni			Date //- ¿	30-05	5

MARION TOWNSHIP

Saginaw County, Michigan

FINANCIAL STATEMENTS

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60 Harrow Lane Saginaw, Michigan 48603

(989) 791-1555 Fax (989) 791-1992

To the Township Board Marion Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marion Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

As described in Note 10, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and related statements, as of April 1, 2004.

Bentuaum & Co.
August 29, 2005



STATEMENT OF NET ASSETS

	 ernmental ctivities
Assets:	
Cash and cash equivalents	\$ 428,381
Receivables	41,371
Capital assets:	
Depreciable capital assets, net	 178,557
Total assets	 648,309
Liabilities:	
Accounts payable and accrued expenses	 7,639
Total liabilities	 7,639
Net assets:	
Invested in capital assets	178,557
Restricted for:	
Fire	36,990
Unrestricted	 425,123
Total net assets	\$ 640,670

STATEMENT OF ACTIVITIES

				Program	Reve	enues	
	_ <u>E</u>	xpenses		arges for ervices	Gr	perating ants and tributions	(Expense) Revenue
Functions/Programs							
Governmental activities:							
General government	\$	52,839	\$	2,100	\$	-	\$ (50,739)
Public safety		46,555		19,193		14,717	(12,645)
Public works		48,697		34,010		-	(14,687)
Community and economic development		1,216		-		-	(1,216)
Recreation and culture		3,800		3,535		-	 (265)
Total governmental activities	\$	153,107	\$	58,838	\$	14,717	 (79,552)
	Gen Taxe	eral reveni es:	ies:				
	Pr	operty taxe	s, lev	vied for ge	neral	purpose	61,688
	Pr	operty taxe	s, lev	vied for fir	e prot	ection	30,222
	Pa	yment in li	eu of	property t	taxes		725
		nts and con			estrict	ed to	
	_	ecific prog					79,993
	Unre	estricted in	vestn	nent earnin	ıgs		 3,646
	To	otal general	reve	enues			 176,284
	Cl	nange in ne	t asse	ets			96,722
	Net	assets, beg	innin	g of year			 543,948
	Net	assets, end	of ye	ear			\$ 640,670

GOVERNMENTAL FUNDS

BALANCE SHEET

		Major				
		Governme	ntal	Funds	_	
		Seneral Fund		Fire Fund	Gov	Total vernmental Funds
Assets:						
Cash and cash equivalents	\$	392,471	\$	35,910	\$	428,381
Taxes receivable		6,373		2,984		9,357
Accounts receivable		21,077		-		21,077
Due from other governmental units		10,937				10,937
Total assets	<u>\$</u>	430,858	\$	38,894	\$	469,752
Liabilities and Fund Balance:						
Liabilities:						
Accounts payable						
and accrued expenses	\$	5,735	\$	1,904	\$	7,639
Total liabilities		5,735	_	1,904		7,639
Fund balances:						
Unreserved:						
General fund		425,123		-		425,123
Fire fund		-		36,990		36,990
Total fund balance		425,123		36,990		462,113
Total liabilities and fund balance	\$	430,858	\$	38,894	\$	469,752

Net assets of governmental activities

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2005

Total fund balances for governmental funds	\$ 462,113
Total net assets reported for governmental activities in the statement of of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets 680,763	
Less accumulated depreciation (502,206)	 178,557

640,670

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2005

	Maj Governmen		
	General Fund	Fire Fund	Total Governmental Funds
Revenues:			
Property taxes		\$ 30,222	\$ 92,635
Licenses and permits	6,473	-	6,473
State grants	79,606	-	79,606
Charges for services	38,375	12,722	51,097
Interest and rents	3,556	90	3,646
Other revenue	1,657	14,717	16,374
Total revenues	192,080	57,751	249,831
Expenditures: Current:			
General government	37,875		37,875
Public safety	9,703	24,313	34,016
Public works	48,697	24,515	48,697
Community and economic development	1,216	_	1,216
Recreation and culture	3,383	_	3,383
Other	12,510	_	12,510
Capital outlay		35,609	35,609
Total expenditures	113,384	59,922	173,306
Excess (deficiency) of revenues over expenditures	78,696	(2,171)	76,525
Other Financing Sources (Uses):			
Transfer in	-	2,359	2,359
Transfer out	(2,359)		(2,359)
Net other financing sources (uses)	(2,359)	2,359	
Net change in fund balance	76,337	188	76,525
Fund balance, beginning of year	348,786	36,802	385,588
Fund balance, end of year	\$ 425,123	\$ 36,990	\$ 462,113

The accompanying notes are an integral part of these financial statements.

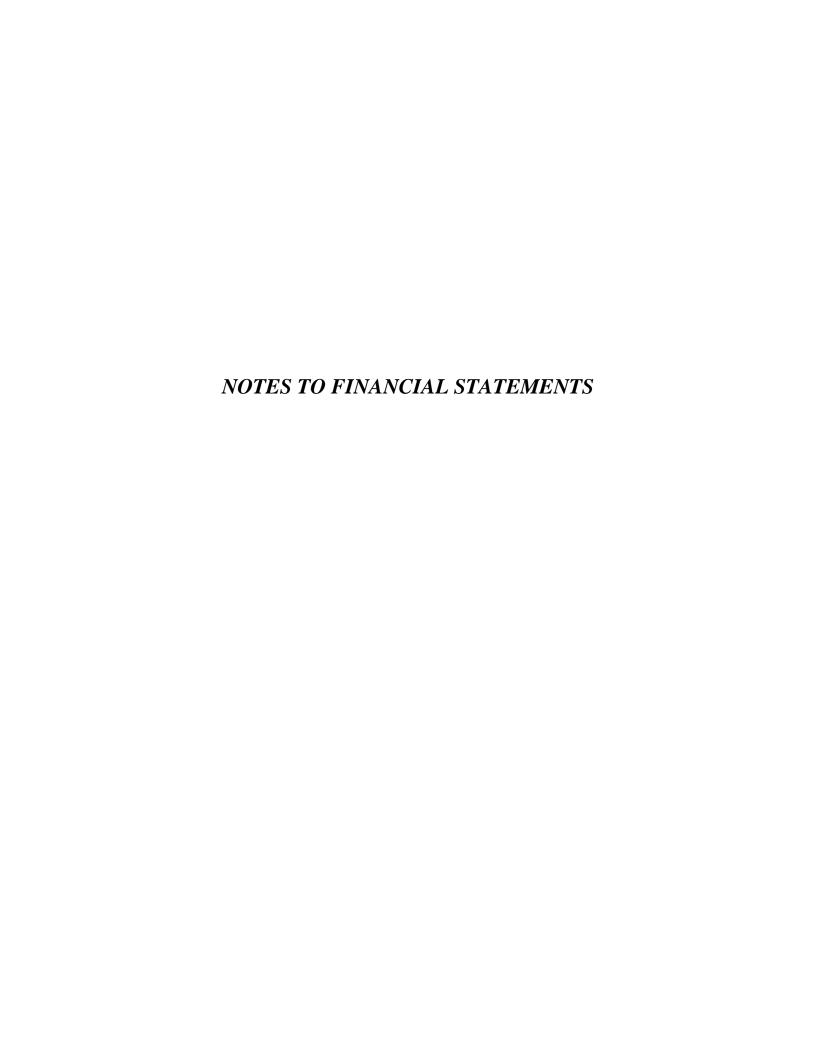
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds		\$ 76,525
Total change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	34,148	
Less depreciation expense	(13,951)	 20,197
Change in net assets of governmental activities		\$ 96,722

FIDUCIARY FUNDS – AGENCY FUND

STATEMENT OF NET ASSETS

	Current Tax Collection Fund
Assets:	
Cash and cash equivalents	\$ (7,002)
Due from other governmental units	16,619
	9,617
Liabilities:	
Due to other governmental units	9,617
Total liabilities	9,617
Net Assets:	
Unrestricted	 _
Total net assets	\$ -



NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Marion Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township and its component units, if any. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units included in the Township's reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the governmental activities.

March 31, 2005

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, (2) restricted net assets, if any, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

Fund Financial Statements:

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

March 31, 2005

The Township reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

Fire Fund – The Fire Fund is used to account for the fire tax revenue and related expenditures.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board.

Assets, Liabilities and Equity:

<u>Deposits and Investments</u> – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value.

<u>Inventories and Prepaid Items</u> – Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

<u>Capital Assets</u> – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$500. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements 20-50 years Equipment 5-40 years

<u>Compensated Absences</u> – Employees are not allowed to accumulate earned but unused vacation and sick days. Therefore, no liability is recorded in the government-wide financial statements.

<u>Long-term Obligations</u> – In the government-wide financial statements, long-term debt and other long-term obligations, if any, are reported as liabilities in the governmental activities statement of net assets.

<u>Fund Equity</u> – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

March 31, 2005

Property Taxes:

Properties are assessed as of December 31. The related property taxes become a lien on December 1 of the following year. These taxes are due February 14 with the final collection date of February 28 before they are added to the county tax rolls.

The 2004 taxable valuation of the Township totaled \$15,212,720, on which ad valorem taxes levied consisted of .95 mills for the Township's operating purposes and 2.00 mills for a special voted fire millage and 2.93 mills for roads and bridges.

The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. The Township Clerk submits to the Township Board a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
- 2. A public hearing is conducted to obtain taxpayer comments.
- 3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
- 4. Any revision that alters the total expenditures of any fund must be approved by the Township.
- 5. Formal budgetary integration is employed as a management control device during the year for all funds
- 6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget as originally adopted and amended by the Township Board is included in the required supplemental information.
- 7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township incurred expenditures that were in excess of the amounts budgeted as follows:

	I	Budget		Actual		Variance	
General Fund:							
Public Safety	\$	9,000	\$	9,703	\$	703	
Community and Economic Development		1,000		1,216		216	
Fire Fund:							
Public Safety		21,414		24,313		2,899	

March 31, 2005

NOTE 3: DEPOSITS AND INVESTMENTS

The Township's deposits of \$428,381 at March 31, 2005 are included in the statement of net assets under cash and cash equivalents.

The deposits of the governmental activities were reflected in the accounts of financial institutions (without recognition of checks written but not yet cleared or of deposits in transit) at \$365,660, of which \$184,573 is covered by federal depository insurance and the remainder was uninsured and uncollaterized. The Township believes that due to the dollar amount of cash deposits and the limits of the FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments:

State statutes authorize the Township to invest surplus funds in certificates of deposit, savings accounts and deposit accounts with banks and savings and loan associations which are members of FDIC, credit unions which are insured by NCUA, bonds, bills or notes of the U.S., commercial paper rated within the 3 highest classifications established, U.S. or federal agency obligation repurchase agreements, bankers' acceptances and mutual funds composed entirely of the aforementioned investments that are legal for direct investment by a Township.

Investments are categorized into these three categories of credit risk:

Category 1 – Insured or registered, or securities held by the Township or its agent in the Township's name;

Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and

Category 3 – Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

At year end, the Township had no investments.

March 31, 2005

NOTE 4: CAPITAL ASSETS

Governmental activities capital asset activity for the year ended March 31, 2005 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciable capital assets:				
Buildings and improvements	77,283	-	-	77,283
Equipment and vehilces	569,328	34,152		603,480
Total depreciable capital assets	646,611	34,152		680,763
Accumulated depreciation	(488,255	5) (13,951)		(502,206)
Depreciable capital assets, net	158,356	20,201		178,557
Governmental activities, capital assets, net	\$ 158,356	<u>\$ 20,201</u>	\$ -	\$ 178,557

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 2,454
Public safety	11,081
Recreation and culture	 417
Total governmental activities	\$ 13,952

NOTE 5: DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At year end, the Township had no deferred revenue.

March 31, 2005

NOTE 6: LONG-TERM LIABILITIES

The Township may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment.

At year end, the Township had no long-term liabilities.

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Township's governmental activities in the aggregate are as follows:

21.077

Receivables:

Receivable from tax account	\$ 21,077
Taxes receivable from County	9,357
Intergovernmental from State of Michigan	 10,937
Total receivables	\$ 41,371
Accounts payable and accrued expenses:	
Accounts	\$ 7,639
Intergovernmental	
Total accounts payable and accrued expenses	\$ 7,639

NOTE 8: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

March 31, 2005

NOTE 9: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Post Employment Benefits:

The Township provides no post employment benefits.

Deferred Compensation Plan:

The Township provides no deferred compensation plan.

NOTE 10: PRIOR PERIOD ADJUSTMENT

Accounting Change:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* (Statement). The Township is required to implement the new requirements for the year ended March 31, 2005. The more significant of the changes to the financial statements as a result of the Statement are as follows:

For the first time, the financial statements will include:

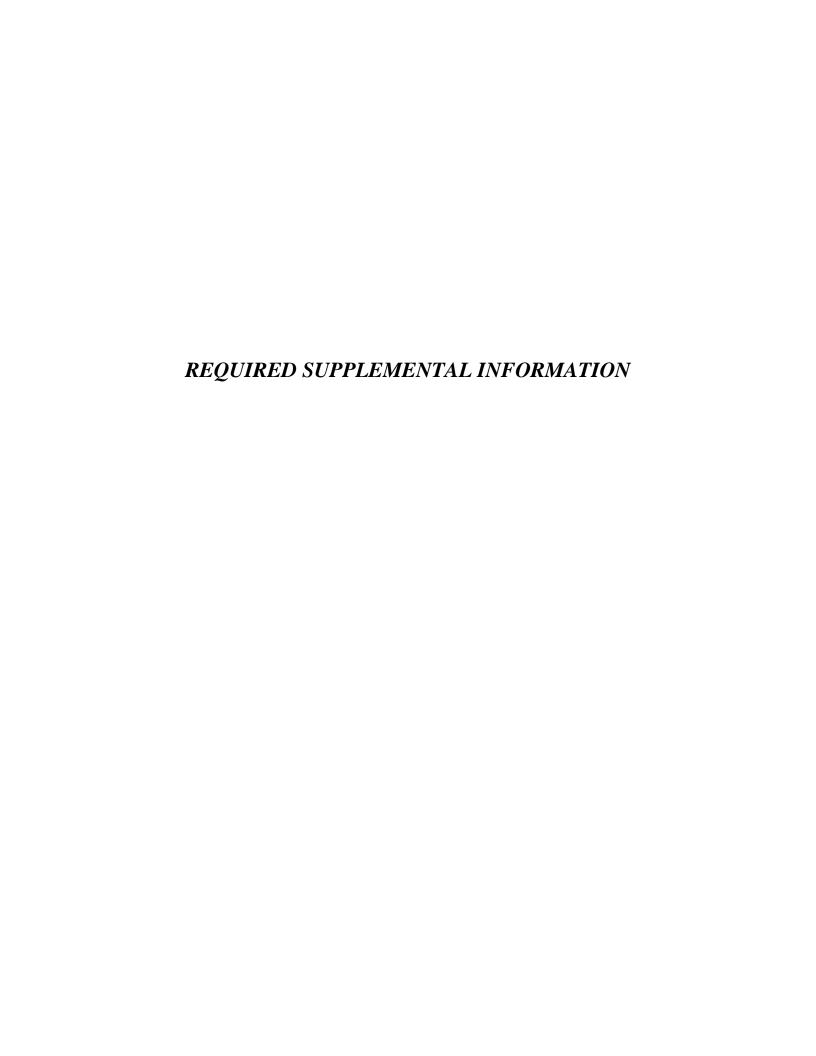
- Government-wide financial statements prepared using full accrual accounting for all of the Township's activities.
- Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds.

As a result of implementing the Statement, the following restatements were made to beginning fund balance and net asset accounts:

Government-wide Financial Statements:

Beginning net assets for governmental activities was determined as follows:

Fund balance of general fund as of 3/31/04	\$ 385,588
Add: Governmental capital assets, including general fixed assets as of 3/31/04	646,615
Deduct: Accumulated depreciation as of 3/31/04 on above governmental capital assets	(488,255)
Governmental net assets, restated, as of 3/31/04	\$ 543,948



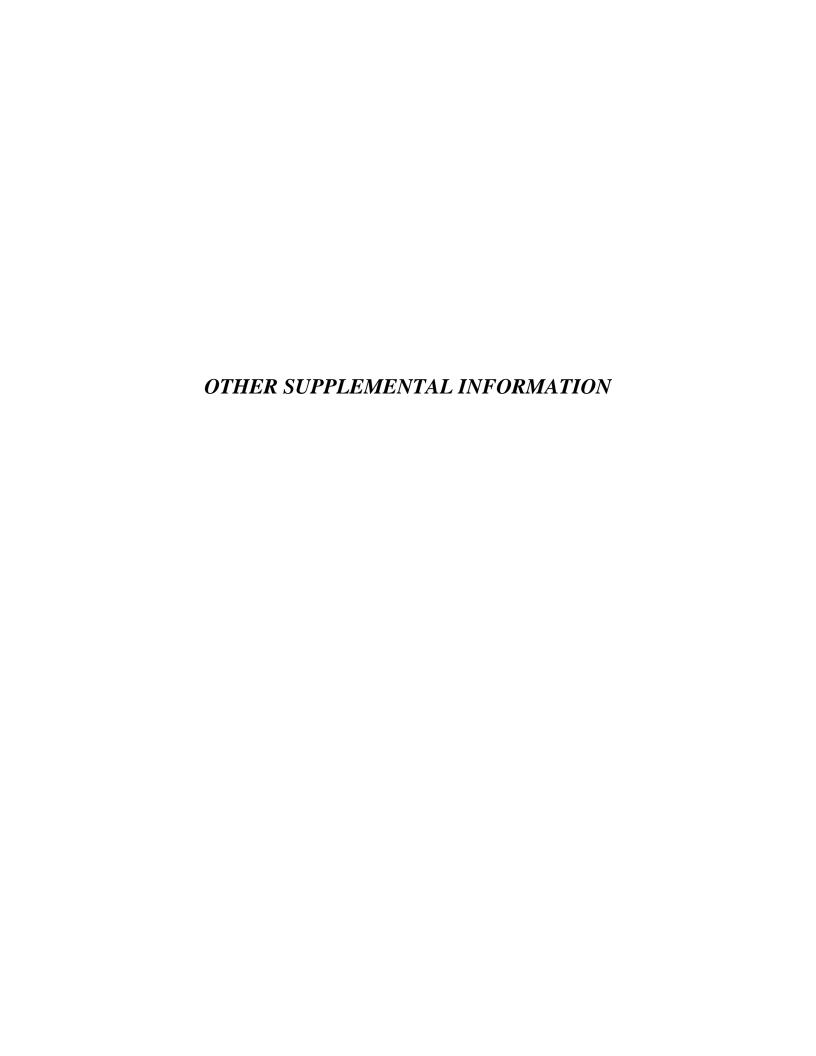
BUDGETARY COMPARISON SCHEDULE

							Actual	
	Budgeted Amounts Original Final			Over (Und				
D		riginai		rinai	_	Actual	Final Budget	-
Revenues: Property taxes	\$	36,000	\$	36,000	\$	62,413	\$ 26,413	
Licenses and permits	Ф	7,006	Ф	7,006	Ф	6,473	\$ 20,413 (533	
State grants		75,000		75,000		79,606	4,606	-
Charges for services		73,000		75,000		38,375	38,375	
Interest and rents		2,100		2,100		3,556	1,456	
Other revenue		52,547		52,547		1,657	(50,890	
Other revenue	-	32,347		32,347		1,037	(50,070	_
Total revenues		172,653		172,653		192,080	19,427	-
Expenditures:								
Current:								
General government		85,913		85,913		37,875	(48,038	
Public safety		9,000		9,000		9,703	703	
Public works		55,200		55,200		48,697	(6,503	
Community and economic development		1,000		1,000		1,216	216	
Recreation and culture		5,500		5,500		3,383	(2,117	
Other		12,400		13,681		12,510	(1,171)
Capital outlay	-	27,196						-
Total expenditures		196,209	_	170,294		113,384	(56,910)
Excess (deficiency) of								
revenues over expenditures		(23,556)		2,359		78,696	76,337	-
Other Financing Sources (Uses):								
Transfers in		-		-		-	-	
Transfers out		(2,359)		(2,359)		(2,359)		-
Total other financing sources (uses)		(2,359)		2,359		(2,359)		-
Net increase (decrease) in fund balance		(25,915)		-		76,337	76,337	
Fund balance, beginning of year		348,786		348,786		348,786		-
Fund balance, end of year	\$	322,871	\$	348,786	\$	425,123	\$ 76,337	=

FIRE FUND

BUDGETARY COMPARISON SCHEDULE

		Dudgotod	A	.ounta				Actual
	Budgeted Amounts Original Final			Over (Ui Actual Final Bu		r (Under) al Budget		
Revenues:		riginai		Tinai		Actual	T 1116	ar Buuget
Property taxes	\$	24,000	\$	24,000	\$	30,222	\$	6,222
Charges for services		11,000		11,000		12,722		1,722
Interest and rents		-		-		90		90
Other revenue		17,750		27,750	_	14,717		(13,033)
Total revenues		52,750		62,750		57,751		(4,999)
Expenditures:								
Current:								
Public safety		21,000		21,414		24,313		2,899
Capital outlay		31,750		41,336	_	35,609		(5,727)
Total expenditures		52,750		62,750		59,922		(2,828)
Excess (deficiency) of								
revenues over expenditures				-		(2,171)		2,171
Other Financing Sources (Uses):								
Transfers in		-		-		2,359		2,359
Transfers out				-	_	·		
Total other financing sources (uses)						2,359	-	2,359
Net increase (decrease) in fund balance		-		-		188		188
Fund balance, beginning of year		36,802		36,802		36,802		
Fund balance, end of year	\$	36,802	\$	36,802	\$	36,990	\$	188



DETAILED SCHEDULE OF REVENUES

Current Taxes:	
Property taxes	\$ 56,174
Administration fees	5,514
Swamp tax	725
	62,413
Licenses and permits:	
Nonbusiness licenses and permits	6,473
	6,473
State Grants:	
Other state grants	2,013
State revenue sharing - sales tax	77,593
	79,606
Charges for services:	
Zoning/Variance/Appeals fees	720
Refuse collection fees	34,010
Recreation fees	3,535
Other	110
	38,375
Interest and rents:	
Interest	2,816
Rents	740
	3,556
Other Revenue:	
Cemetery	1,270
Contributions and donations	387
	1,657
Total revenues	\$ 192,080
1000110.0000	φ 172,000

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2005

EXPENDITURES:

General Government:	
Board:	
Personnel	\$ 3,350
Dues and memberships	400
Printing and publications	754
Other	63
	4,567
g ·	4,507
Supervisor: Personnel	2.024
Mileage	3,934 382
Education and training	100
Education and training	
	4,416
Clerk:	
Personnel	5,097
Supplies	321
Contracted services	378
Mileage	243
Dues and memberships	50
	6,089
Accounting:	
Contracted services	1,330
	1,330
Board of Review:	
Personnel	739
	739
Treasurer:	
Personnel	5,476
Supplies	1,785
Dues	70
Mileage	346
	7,677
Assessor:	<u></u> _
Personnel	2,525
Supplies	146
	2,671
Elections:	
Personnel	1,257
1 orgonitor	1,257
	1,237

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

EXPENDITURES (CONTINUED):	
General Government (continued):	
Building and Grounds:	1.020
Supplies	1,929
Contracted services	2,147
Telephone Utilities	26
Othlities	3,248
	7,350
Attorney:	40.5
Contracted services	406
	406
Cemetery:	
Supplies	105
Contracted services	1,108
Other	160
	1,373
Total general government	37,875
Public Safety:	
Protective Inspections:	
Personnel	7,813
Supplies	150
Mileage	1,515
Dues	7
Education and training	218
	9,703
Total public safety	9,703
Public Works:	
Public Drains:	
Contracted services	1,589
	1,589
Roads:	
Contracted services	33,234
Other	48
o their	
	33,282
Other Public Works:	2.070
Contracted service - well test	2,970
	2,970

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

EXPENDITURES (CONTINUED):	
Public Works (continued):	
Refuse Collection/Disposal:	
Contracted services	10,706
Other	150
	10,856
Total public works	48,697
Community and Economic Development:	
Other Community Development:	
Contracted services	494
	494
Zoning:	
Personnel	722
	722
Total community and economic development	1,216
Recreation and Culture:	
Parks and Recreation Department:	
Supplies	213
Contracted services	2,170
	2,383
Library:	
Contracted services	1,000
	1,000
Total recreation and culture	3,383
Other:	
Insurance and bonds	6,964
Employer's share of retirement and payroll tax	5,546
	12,510
Total other	12,510
	\$ 113,384

FIDUCIARY FUNDS – AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

	Beginning Balance	Additions	Additions Deductions	
Current Tax Collection Fund				
Assets:				
Cash and cash equivalents	\$ 16,353	\$ 485,110	\$ 508,465	\$ (7,002)
Due from other governmental units		16,619		16,619
Cash and cash equivalents	\$ 16,353	\$ 501,729	\$ 508,465	\$ 9,617
Liabilities:				
Due to other governmental units	\$ 16,353	\$ 501,729	\$ 508,465	\$ 9,617



60 Harrow Lane Saginaw, Michigan 48603

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MANAGEMENT LETTER

To the Township Board Marion Township, Michigan

We have completed our audit of the financial statements of Marion Township for the year ended March 31, 2005, and have issued our report thereon dated August 29, 2005. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Marion Township taken as a whole. Our study and evaluation disclosed conditions that we believe to be material weaknesses as follows:

Material Weaknesses noted in Prior Audit/Follow-up:

We noted no bookkeeping improvements or changes in procedures as a result of comments and suggestions made in connection with the 2003 audit.

- a) Tax distributions to the other governmental units were still not being made by the Township Treasurer on a timely basis as required by State law.
- b) The Township Treasurer was not preparing bank reconciliations at all, as recommended. The Treasurer was maintaining no cash journals or check registers in an accurate manner. The check stubs (with notations of check/deposit details, dates, payees and running balances) were not being maintained properly.
- c) The Treasurer has not provided an accurate cash balance to the Clerk. The Clerk's general ledger cash balances do not agree with the actual/correct bank balance.

Tax Account:

The Township Treasurer has not maintained correct and accurate records relating to the collection and disbursement of property tax collections. The transactions in the tax cash account have not been properly reconciled to the tax roll and settlement with the County.

We found that the Saginaw ISD was overpaid \$14,900 from the 2004 tax collections and Saginaw County was overpaid \$1,718.98 from the 2003 tax collections. These amounts are being returned to the Township.

In addition to these above overpayments, we found a difference of approximately \$25,000 in Township tax money that so far has not been fully explained. This difference may result in an account receivable for prior year property tax revenues of the Township. This potential receivable/revenue, correctly, has not been recognized because it is contingent on collectibility and other future events.

Deposits in Fund Accounts:

The Township Treasurer was not making general deposits timely and fully intact. We found cash receipts between April 1, 2003 and March 31, 2005, of approximately \$1,400, that were not deposited.

This report is intended solely for the use of the Township management and should not be used for any other purpose.

We wish to extend our appreciation to you and your staff for the assistance accorded us during our examination.

Sincerely,

Berthiaume & Company

Certified Public Accountants

anhaime & Co.

August 29, 2005

